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Invesco Mortgage Capital Inc.
2016 First Quarter Earnings Call
May 10, 2016

Richard King
President & Chief Executive Officer

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Chief Operating Officer

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Chief Investment Officer

Lee Phegley
Chief Financial Officer

IVR
Invesco Mortgage Capital Inc.

Cautionary Notice Regarding Forward-Looking Statements

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This presentation and comments made in the associated conference call, may include statements and information that constitute "forward-looking statements" within the meaning of the U.S. securities laws as defined in the Private Securities Litigation Reform Act of 1995, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements include our views on the risk positioning of our portfolio, domestic and global market conditions (including the residential and commercial real estate market), the market for our target assets, mortgage reform programs, our financial performance, including our core earnings, economic return, comprehensive income and changes in our book value, our ability to continue performance trends, the stability of portfolio yields, interest rates, credit spreads, prepayment trends, financing sources, cost of funds, our leverage and equity allocation. In addition, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or conditional verbs such as "will," "may," "could," "should," and "would" as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks identified under the captions "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K and quarterly reports on Form 10-Q, which are available on the Securities and Exchange Commission's website at www.sec.gov.

All written or oral forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

Overview

Q1 2016 Financial Highlights

Dividend per common share	$0.40
Core EPS [1]	$0.44
Basic EPS	$(1.39)
Book value per diluted common share [3]	$16.53
Comprehensive (loss) per common share	$(0.30)
Economic return [4]	(1.23)%
Share Repurchases	$25.0M

Equity allocated to benefit from improving real estate markets

36% Commercial Credit

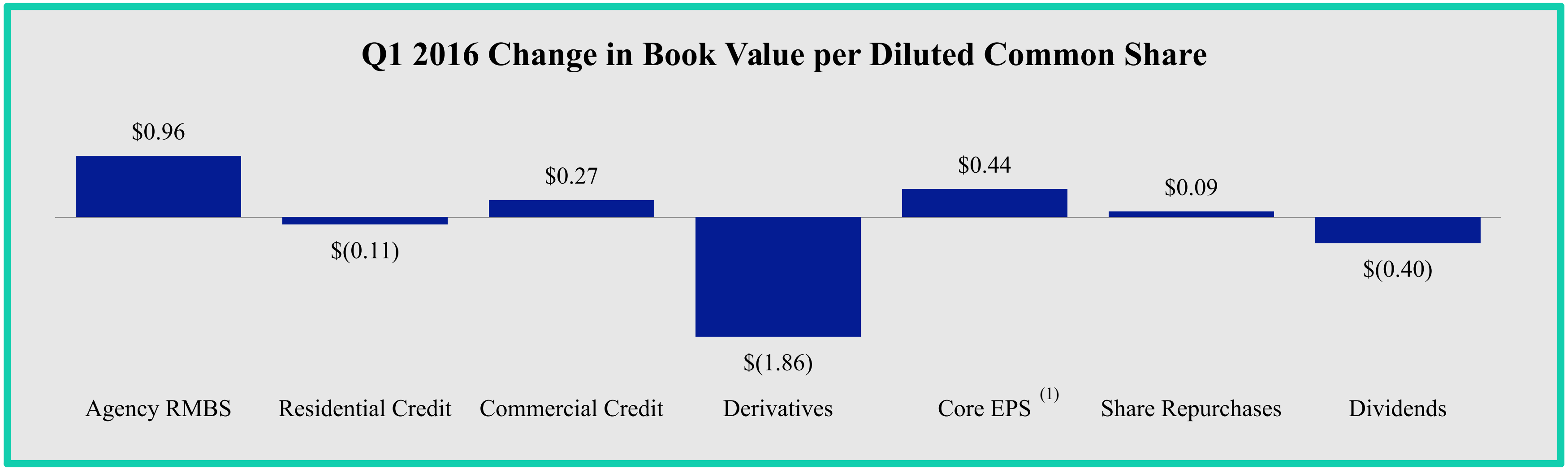
34% Agency RMBS

30% Residential Credit

- Core EPS[1] of $0.44 in Q1 2016
  - Increase of $0.02 per share from Q4 primarily due to share repurchases and lower effective interest expense[2]
- Book value per diluted common share[3] declined by $0.61 or 3.6%
  - Driven by modest spread widening in our portfolio relative to swap rates
  - Economic return[4] of (1.23)%
- Q1 2016 portfolio highlights
  - Reinvested maturities and prepayments into
    - Share repurchases of $25 million
    - Funded approximately $70 million of new commercial real estate loans
  - Asset seasoning and higher real estate valuations continue to enhance credit quality

(1) Core EPS is a non-GAAP financial measure. See Slide 14 for non-GAAP reconciliation.
(2) Effective interest expense is a non-GAAP financial measure.
(3) Book value per diluted common share is calculated as total equity less the liquidation preference of our Series A Preferred Stock ($140.0 million) and Series B Preferred Stock ($155.0 million); divided by total common shares outstanding plus Operating Partnership Units convertible into shares of common stock (1,425,000 shares).
(4) Economic return for the three months ended March 31, 2016 is defined as the change in book value per diluted common share from December 31, 2015 to March 31, 2016 of ($0.61); plus dividends declared of $0.40 per common share; divided by December 31, 2015 book value per diluted common share of $17.14.

Book Value Performance



We seek to provide stockholders with attractive income and long term book value stability

- Book value impacted by wider spreads
  - Q1 2016 book value per diluted common share declined $0.61 or 3.6%
  - Share repurchases added $0.09 to book value per diluted common share in Q1 2016
  - Agency RMBS and Commercial credit added $1.23 to our book value per diluted common share
  - Derivatives decreased our book value per diluted common share by $1.86 primarily due to a fall in rates

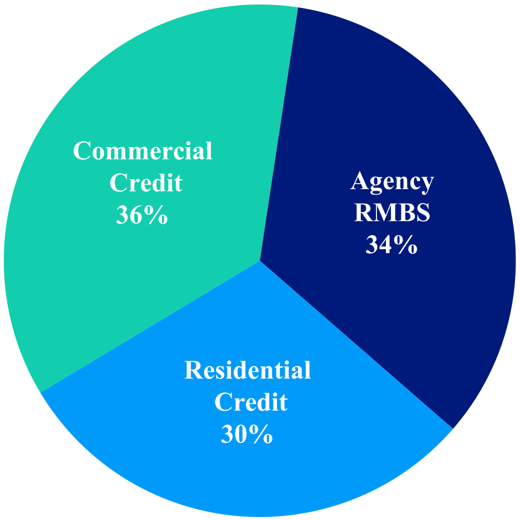
- Key strategies aimed at capital preservation and reduced book value volatility
  - Hedging to limit interest rate risk
  - Maintain strong asset quality to reduce the risk of credit losses
  - Support dividend through prudent credit spread capture
  - Opportunistically modulate sector exposures and maintain diverse sources of return
  - Strategically allocate capital to benefit book value

(1) Core EPS is a non-GAAP financial measure. See Slide 14 for non-GAAP reconciliation.

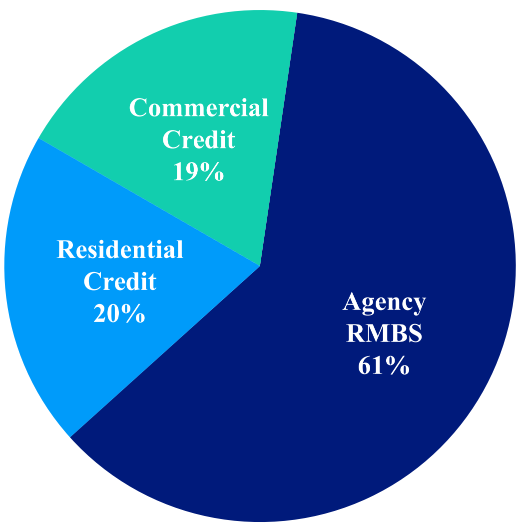
The IVR Portfolio

Q1 2016 Portfolio Update

Equity Allocation



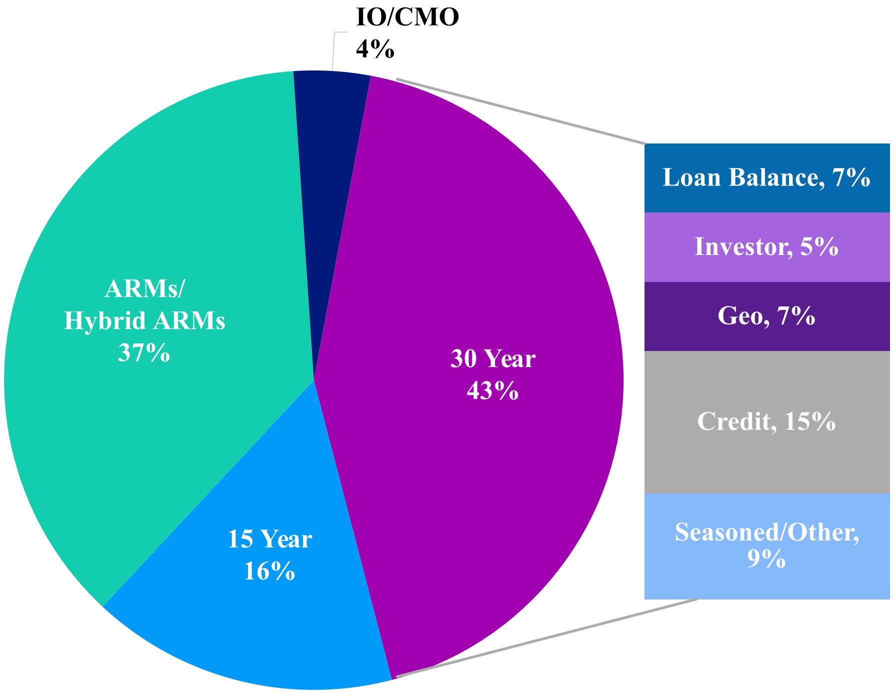
Asset Allocation



Highlights:

- We believe the portfolio is well positioned for improving real estate fundamentals
- 66% of equity and 39% of assets are allocated to credit
  - Both residential and commercial credit fundamentals remain strong
  - Credit assets exhibit significantly less convexity risk than Agency RMBS
- Credit spreads experienced increased volatility during the quarter, widening significantly during January and February before recovering in March to end the quarter modestly wider
- Agency spreads were mixed, with 30 year spreads ending the quarter marginally wider than 15 year, and hybrid ARM spreads tightening slightly

Agency RMBS



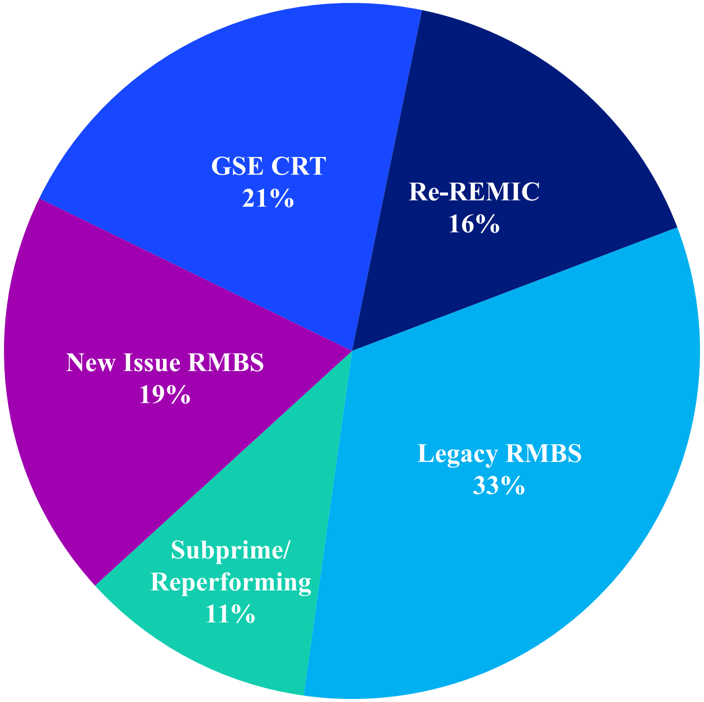
	CPR (1)	Net Wtd Avg Coupon (2)	Period-end Wtd Avg Yield (3)
15 Year	10.2	3.71%	2.53%
30 Year	10.8	4.23%	2.96%
Hybrid ARMs	12.5	2.72%	2.54%

Highlights:

- Agency RMBS portfolio is comprised of predominantly shorter duration bonds and higher coupon collateral with attributes that temper prepayments
- Lower mortgage rates, coupled with increased seasonal housing activity, should result in faster prepayment speeds over the next several months

(1) Constant Prepayment Rate
(2) Net weighted average coupon as of March 31, 2016 is presented net of servicing and other fees.
(3) Period-end weighted average yield is based on amortized cost as of March 31, 2016 and incorporates future prepayment and loss assumptions but excludes changes in anticipated interest rates.

Residential Credit



	Duration	Period-end Wtd Avg Yield (1)
Re-REMIC	0.3	3.74%
Legacy RMBS	0.1	3.95%
Subprime/Reperforming	0.5	3.84%
New Issue RMBS (2)	1.5	4.45%
GSE CRT (3)	0.0	4.46%

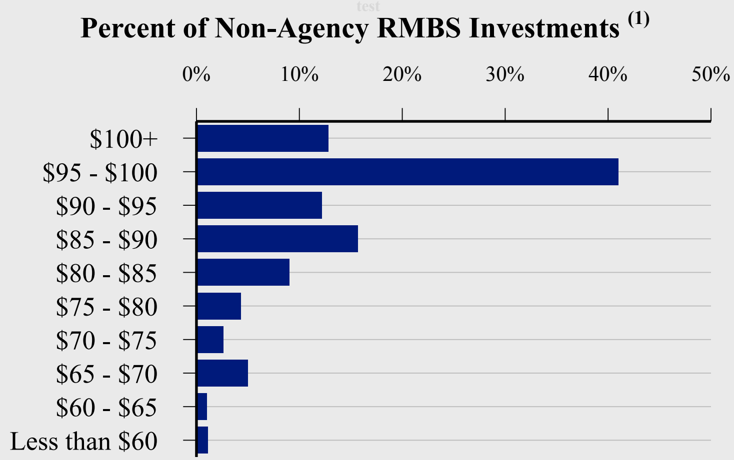
Highlights:

- Limited housing inventory and low mortgage rates continue to benefit home prices
- The strength of the labor market and favorable demographic trends are driving an increase in housing demand
- Macroeconomic and housing market fundamentals are supportive of residential credit investments
- Legacy RMBS underperformed broader credit markets during the quarter as investors saw better relative value in sectors that had experienced more spread widening
- Despite strong collateral performance, GSE CRT widened along with other risk assets early in the quarter, but recovered to end the period modestly tighter

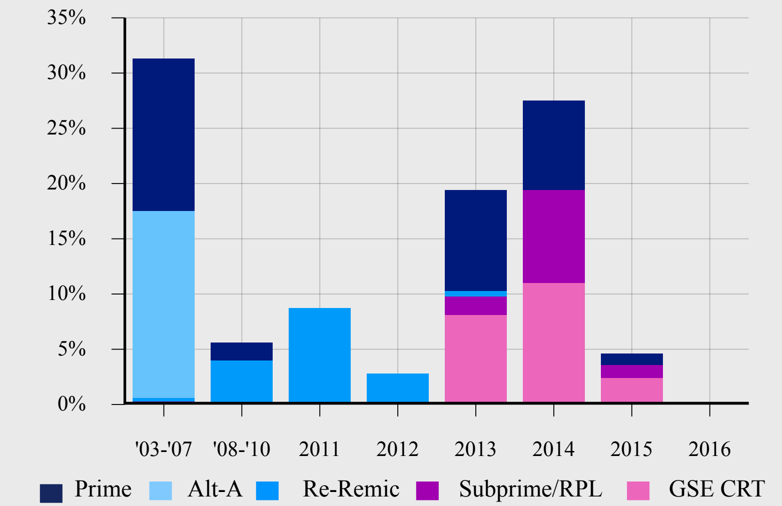
(1) Period-end weighted average yield is based on amortized cost as of March 31, 2016 and incorporates future prepayment and loss assumptions but excludes changes in anticipated interest rates.
(2) RMBS issued after 2010
(3) GSE CRT effective yield includes embedded coupon interest recorded as realized and unrealized credit derivative income

Residential Credit Investment Quality

Concentration in High Dollar Price Securities



Non-Agency RMBS and GSE CRT Type by Vintage

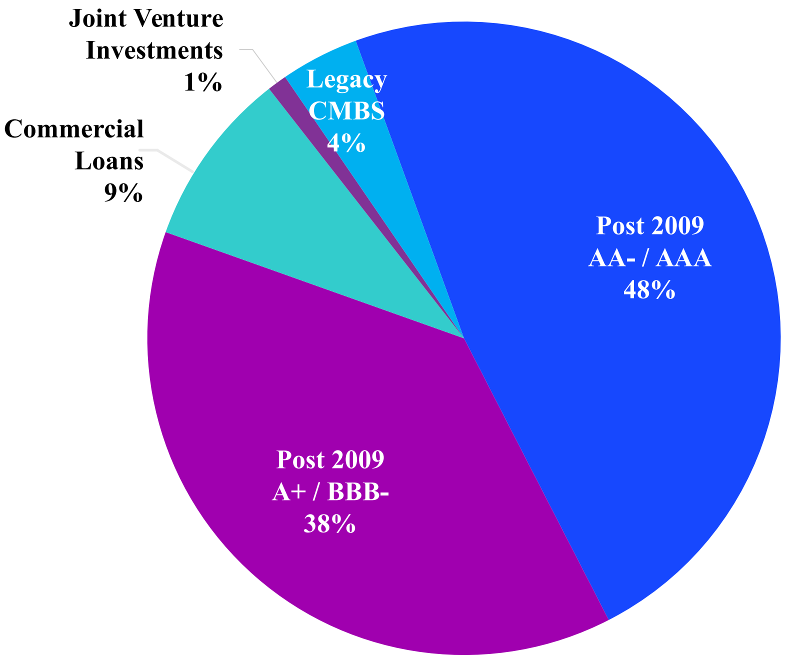


- Over 65% of Non-Agency RMBS holdings have dollar prices that are equal to or above $90
- High dollar price bonds generally have limited exposure to collateral performance issues, lower price volatility and are more attractive to finance
- Low dollar price bonds generally demonstrate greater price volatility, are often unattractive to finance, and are sensitive to changes in servicer advancing and property disposition strategies

- Legacy investments are focused in Prime and Alt-A securities as well as senior Re-REMICs
- GSE CRT holdings are largely 2013 and 2014 vintage
  - These seasoned transactions demonstrate lower price volatility relative to more recent issuance
  - Reference loans have significant embedded home price appreciation

(1) Excludes GSE CRT and IO securities. As of 3/31/16.

Commercial Credit



	Duration	Period-end Wtd Avg Yield (1)
Legacy CMBS (2)	0.3	5.14%
Post 2009 AA- / AAA (3)	6.0	3.65%
Post 2009 A+ / BBB- (4)	4.8	4.90%
Commercial Loans	0.0	8.09%

Highlights:

- Favorable trends in rents and occupancy rates provides support for commercial mortgage credit investments
- Heightened macro volatility resulted in modest credit spread widening
- Closed four new commercial loans totaling $70 million
- Not originating loans for securitization or relying on loan warehouse financing to achieve target returns

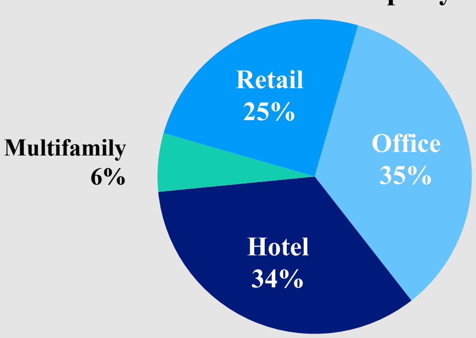
(1) Period-end weighted average yield is based on amortized cost as of March 31, 2016 and incorporates future prepayment and loss assumptions but excludes changes in anticipated interest rates.
(2) CMBS issued prior to 12/31/2008.
(3) CMBS originally rated between AA- and AAA (or an equivalent/comparable ratings by a nationally recognized statistical rating organization) issued after 2009
(4) CMBS originally rated between A+ and BBB- (or an equivalent/comparable rating by a nationally recognized statistical rating organization) issued after 2009

Commercial Loan & Joint Venture Investments

Investment Type	Property Type	Location	Commitment[1]	Borrower	Rate Type	Loan Status
Mezzanine Loan	Retail	New York, NY	$41,013,463	Public REIT	Floating	Current
Mezzanine Loan	Office	Atlanta, GA	$49,700,000	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	Fort Lauderdale, FL	$21,000,000	Private REIT	Floating	Current
Mezzanine Loan	Office	Phoenix, AZ	$33,977,900	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	London, UK	$49,598,925	Institutional Investor	Fixed	Current
Mezzanine Loan	Retail	Aventura, FL	$28,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	San Antonio, TX	$25,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Multifamily	Apopka, FL	$10,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Multifamily	Irving, TX	$7,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Office	Oakland, CA	$25,000,000	Institutional Investor	Floating	Closed in Q2-16
Mezzanine Loan	Office	New York, NY	$15,000,000	Institutional Investor	Floating	Paid Off in Q2-16
Joint Venture Investments [2]	Various	U.S. / Ireland	$121,723,000	Various	Floating	NA
Whole Loan	Hotel	Palm Beach, FL	$22,000,000	Regional Developer	Floating	Paid Off
Preferred Equity	Office	Chicago, IL	$23,000,000	Institutional Investor	Floating	Paid Off
B-Note	Office	London, UK	$33,892,396	Institutional Investor	Floating	Paid Off
Mezzanine Loan	Hotel	Various	$18,500,000	Institutional Investor	Floating	Paid Off

As of April 2016

Commercial Loan Property Type



As of March 31, 2016. Joint venture investment property types are not included.

Portfolio Highlights

- Quarter-end portfolio of $317.2 million
- $112 million of principal has been returned through realization of borrower business plans
- No delinquencies and weighted average LTV of 66% as of March 31, 2016
- Investments behind five different balance sheet lenders
- Closed four mezzanine loans totaling $70 million and committed an additional $25 million in Q2 2016

(1) As of March 31, 2016 the Company's undrawn commitments in commercial loans and joint venture investments were $27.1 million and $20.7 million, respectively

(2) As of March 31, 2016 the Company has received distributions totaling $151.5 million from joint venture investments. As of December 31, 2015 the Company's investment balance in joint ventures was $39.5 million

Improvement in Commercial Mortgage Investment Credit Quality

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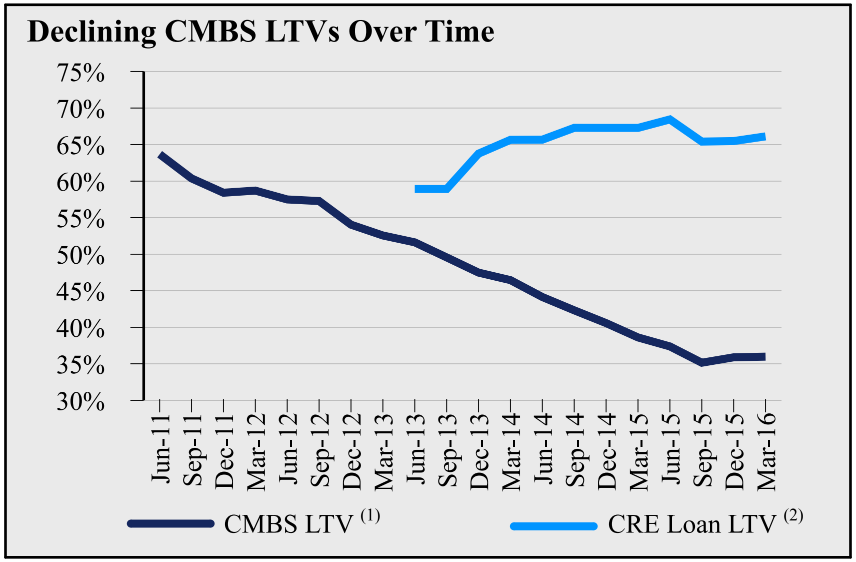
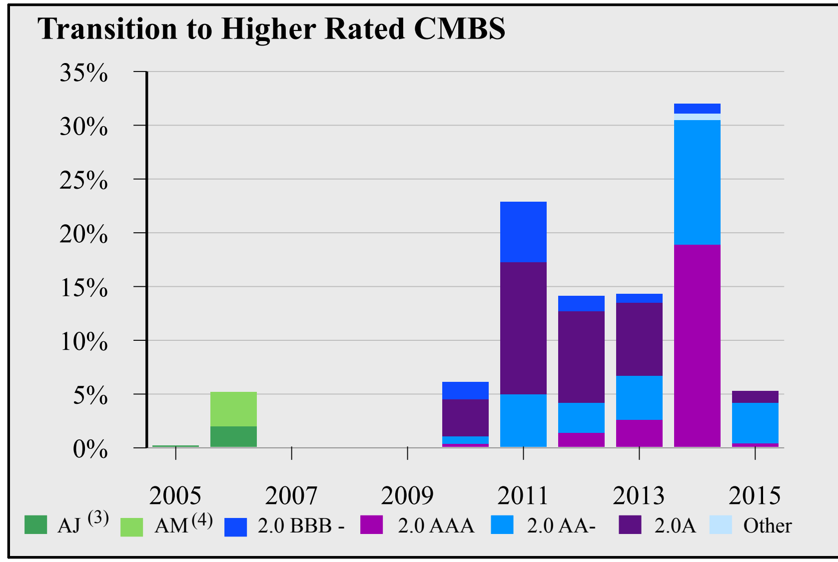
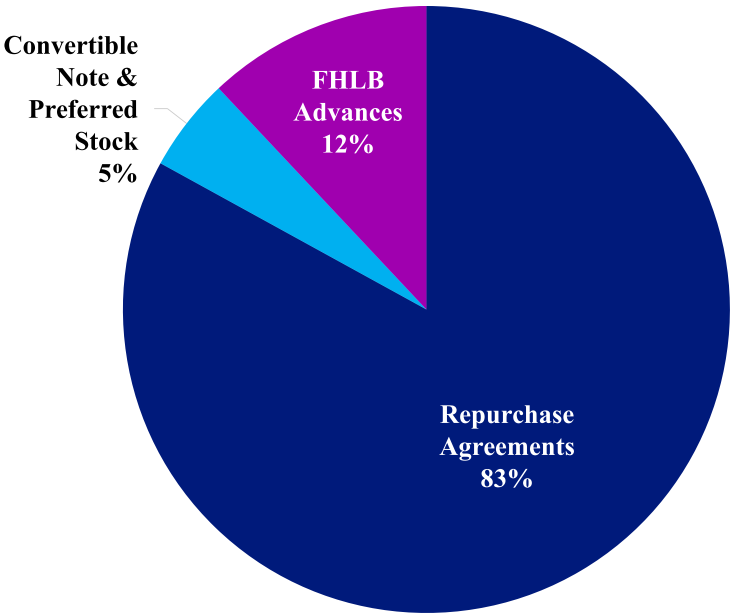




- CMBS LTV [1] of 36% and CRE Loan LTV [2] of 66%
- Approximately 95% of CMBS is collateralized by loans originated during or prior to 2014 benefiting from notable underlying property price appreciation
- Recent vintage CMBS are almost entirely triple and double-A rated classes benefiting from substantial subordination and FHLB financing
- Commercial loans are collateralized by institutional quality properties and benefit from strong borrowers

Source: Trepp as of March 2016
(1) The product of (a) the weighted average current loan-to-value ratio of the CMBS collateral pool of which the value of the property is adjusted for price appreciation using Moody's/RCA CPPI, multiplied by (b) a fraction, the numerator of which is the total principal balance of the subject class and all other classes senior to such class (if any) less the aggregate balance of underlying defeased loans and the denominator of which is the total principal balance of all classes of the transaction less the aggregate balance of underlying defeased loans. Values are as of March 31, 2016.
(2) The weighted average loan-to-value ratio for each commercial real estate loan investment with property values adjusted to reflect the most recently obtained appraisals.
(3) "AJ" is defined as an originally rated AAA class which is typically subordinate to the most AM class and issued prior to 12/31/2008.
(4) "AM" is defined as an originally rated AAA class which is typically subordinate to the most senior AAA rated class and senior to the AJ class and issued prior to 12/31/2008.

Financing



Average Cost of Funds [1]	Q1 2016	Q4 2015
Agency RMBS [2]	0.66%	0.45%
CMBS [2]	1.14%	0.98%
Non-Agency RMBS	1.80%	1.65%
GSE CRT	2.19%	1.83%

Highlights:

- Funding sources include:
  - Secured financing: repurchase agreements, debt facility, FHLBI advances
  - Exchangeable senior notes
  - Preferred equity
- 26 active repurchase agreement counterparties
- No impact to existing FHLBI advances due to new FHFA rule to exclude captive insurance companies
- Cost of funds were modestly higher during the quarter primarily due to December Fed rate hike

(1) Average cost of funds is calculated by dividing annualized interest expense by the Company's average borrowings.
(2) Agency RMBS and CMBS average borrowing and cost of funds include borrowings under repurchase agreements and secured loans.

Appendix — Non-GAAP Financial Information

In addition to the results presented in accordance with U.S. GAAP, this presentation contains the non-GAAP financial measures of "core earnings". The Company's management uses core earnings in its internal analysis of results and believes this information is useful to investors for the reasons explained below.

These non-GAAP financial measures should not be considered as substitutes for any measures derived in accordance with U.S. GAAP and may not be comparable to other similarly titled measures of other companies. An analysis of any non-GAAP financial measure should be made in conjunction with results presented in accordance with U.S. GAAP. Additional reconciling items may be added in the future to these non-GAAP measures if deemed appropriate.

We calculate core earnings as U.S. GAAP net income (loss) attributable to common stockholders adjusted for (gain) loss on investments, net; realized (gain) loss on derivative instruments, net (excluding contractual net interest on interest rate swaps); unrealized (gain) loss on derivative instruments, net; realized and unrealized change in fair value of GSE CRT embedded derivatives, net; (gain) loss on foreign currency transactions, net; reclassification of amortization of net deferred losses on de-designated interest rate swaps to repurchase agreements interest expense; and an adjustment attributable to non-controlling interest. We record changes in the valuation of our mortgage-backed securities, excluding securities for which we elected the fair value option and the valuation assigned to the debt host contract associated with our GSE CRTs in other comprehensive income on our consolidated balance sheets. We believe the presentation of core earnings provides a consistent measure of operating performance by excluding the impact of gains and losses described above from operating results.

We believe that providing transparency into core earnings enables our investors to consistently measure, evaluate and compare our operating performance to that of our peers over multiple reporting periods. However, we caution that core earnings should not be considered as an alternative to net income (determined in accordance with U.S. GAAP), or as an indication of our cash flow from operating activities (determined in accordance with U.S. GAAP), a measure of our liquidity, or as an indication of amounts available to fund our cash needs, including our ability to make cash distributions.

	Three Months Ended		
$ in thousands, except per share data	March 31, 2016	December 31, 2015	March 31, 2015
Net income (loss) attributable to common stockholders	(157,305)	103,171	(17,440)
Adjustments:			
(Gain) loss on investments, net	(11,601)	31,302	(2,172)
Realized (gain) loss on derivative instruments, net (excluding contractual net interest on interest rate swaps of $29,091, $45,969, $45,608, respectively)	42,985	(122)	26,103
Unrealized (gain) loss on derivative instruments, net	166,467	(114,143)	51,034
Realized and unrealized change in fair value of GSE CRT embedded derivatives, net	(2,096)	11,502	(15,246)
(Gain) loss on foreign currency transactions, net	1,125	1,345	1,525
Reclassification of amortization of net deferred swap losses on de-designated interest rate swaps to repurchase agreements interest expense	12,924	15,575	19,145
Subtotal	209,804	(54,541)	80,389
Adjustment attributable to non-controlling interest	(2,597)	652	(921)
Core earnings per share attributable to common shareholders	49,902	49,282	62,028
Basic earnings (loss) per common share	(1.39)	0.88	(0.14)
Core earnings per share attributable to common stockholders	0.44	0.42	0.50